LANXESS – Q1 2008 Results Call

Good start of the year provides confidence

Matthias Zachert, CFO

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Agenda

1. Highlights Q1 2008
2. Financial review Q1 2008 and business update
3. Outlook and guidance 2008

Highlights Q1 2008

Q1 2008

- **LANXESS started very well into 2008, despite mixed economic environment**
- **Strong organic growth at 8.1%**
- **EBITDA* at €220 m – margin increased to 14.3%**
- **Negative FX and portfolio effects as well as raw material price hikes were offset**
- **Pricing power: substantial raw material price increases were fully passed on**
- **Q2 indications support confidence for FY 2008**

* Pre exceptionals

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Q1 2008 financial overview: EBITDA increase despite raw materials, currency and portfolio effect

(€ m)	Q1 2007	Q1 2008	Δ in %
Sales	**1,711**	**1,535**	**-10.3%**
EBITDA pre except.	**219**	**220**	**0.5%**
margin	12.8%	14.3%	
Net Income	**91**	**103**	**13.2%**
Net Financial Debt	**460***	**468**	**1.7%**
Net Working Capital	**1,217***	**1,321**	**8.5%**
Capex	**47**	**39**	**-17.0%**
Employees	**14,610***	**14,620**	**0.1%**

* As per Dec 31 2007

- Lower sales due to portfolio effect (mainly BU LUP). Underlying sales however increased as higher prices and volumes offset currency effects
- Adjusted for portfolio changes, EBITDA pre exceptionals increased by 5% to €220 m from €209 m despite raw material pressure and unfavorable currency effects
- EBITDA margin improved on the basis of an improved business portfolio
- Working capital increased on seasonal trend, expanded business volume and higher raw material costs

Good start into 2008

Sound P&L based on structurally healthy businesses

(€ m)	Q1 2007	Q1 2008	Δ in %
Sales	**1,711**	**1,535**	**-10%**
Cost of sales	-1,315	-1,158	-12%
SG&A	-221	-213	-4%
R&D	-22	-23	5%
Other op. income / expense	-3	4	n.m.
thereof exceptionals	-8	-14	75%
EBIT	**150**	**145**	**-3%**
Net Income	**91**	**103**	**13%**
EPS	**1.08**	**1.23**	**14%**
EBITDA	212	209	-1%
thereof exceptionals	-7	-11	57%
EBITDA pre exceptionals	**219**	**220**	**1%**

- Price increases (+3.8%) and higher volumes (+4.3%) more than offset unfavorable currency (-5.0%). Even portfolio changes (-13.4%) were partly compensated
- Cost structure shows positive implications of portfolio changes
- Other operating income comprises hedging gains, mitigating unfavorable effect in business segments
- EBITDA* performance above Q1 2007 despite absence of €10 m contribution from former BU LUP

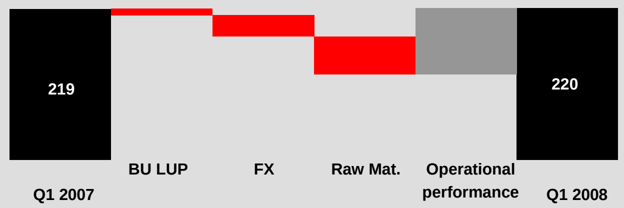
* Pre exceptionals

EPS increased by 14%

Strong price and volume performance across the board

Sales variances (€ m)	Price	Volume	Currency	Portfolio
Performance Polymers	+7%	+5%	-7%	0%
Advanced Intermediates	+2%	+9%	-4%	0%
Performance Chemicals	+2%	+2%	-5%	0%
Others / Recon.	0%	1%	0%	-94%
LANXESS	+4%	+4%	-5%	-13%

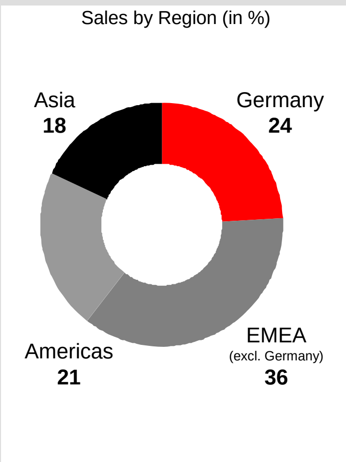
EBITDA* performance bridge (€ m)

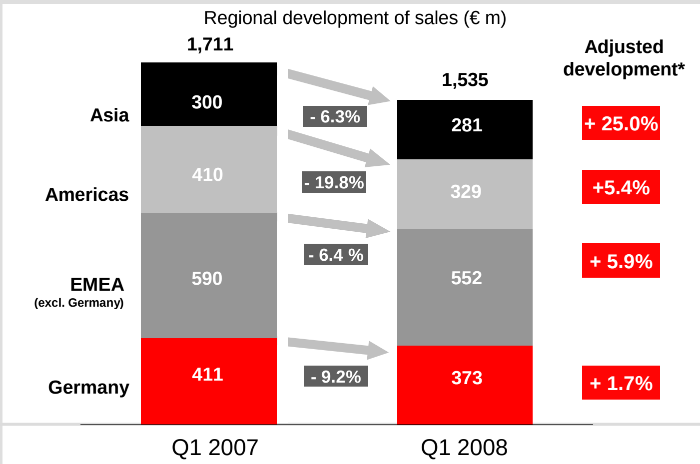


* Pre exceptionals

- Strongest operational sales growth since spin-off
- Successful aggressive price increases and volume growth completely offset multiple unfavorable effects on EBITDA*:
  - Absence of €10 m EBITDA* contribution (Q1 2007) from BU LUP
  - Currency effects from weak U.S.-Dollar
  - Raw material price hikes (€50 - 60 m)

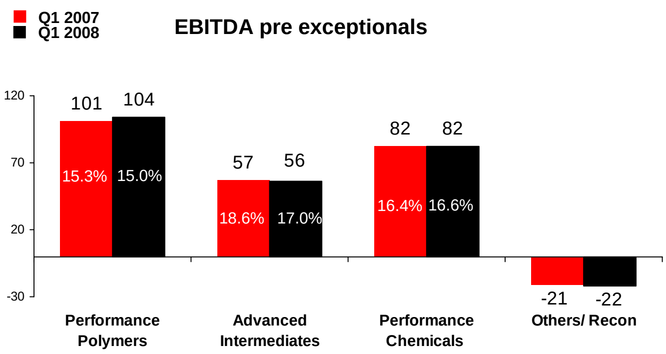
LANXESS participates in strong Asian growth





* Portfolio- and currency adjusted

Solid performance in all three segments



- Operational EBITDA* performance offsetting portfolio, currency and raw material effects
- All business units managed to maintain or expand their EBITDA contribution despite the burden of the weak U.S.-Dollar
- Operational impact of foreign currency fluctuations is booked on business level
- Others / Recon contains:
  - Positive hedging results, mitigating the impact of foreign currencies on BU level
  - €10 m in Q1 2007 from BU LUP

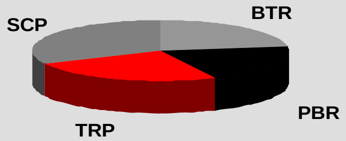
* Pre exceptionals

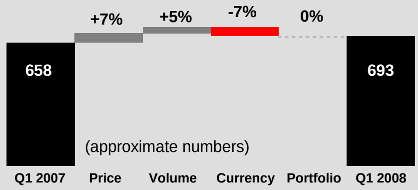
Performance Polymers: price and volume increases more than offset currency impact

(€ m)	Q1 2007	Q1 2008
Sales	**658**	**693**
EBIT	76	73
Depr. / Amort.	25	29
EBITDA	101	102
EBITDA pre except.	**101**	**104**
Margin	15.3%	15.0%
Capex	**21**	**15**

- Substantial price and volume increases led to higher sales and more than offset negative currency effects
- All BUs increased selling prices, PBR, TRP and SCP with simultaneous volume increases, while BTR is sold out
- SCP benefited from strong fertilizer demand for ammonium sulfate, offsetting sulfur price increases
- Stable margins on attractive level despite negative currency effects and risen raw material costs, which were fully passed on
- Capex reduced because of last year's investment level for BTR debottlenecking in Canada and Belgium

Sales by BU:





Petroflex: good start of integration process

- Integration process of business into BU PBR started in April 2008
- Technology upgrade of Brazilian sites initiated
- Utilization of syndicated credit facility in Q1 to prepare financing – payment in Q2
- Mandatory offer / de-listing process expected to start in H2 2008

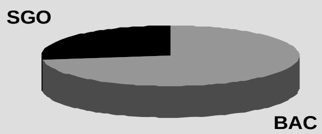
Further strengthening our global footprint in synthetic rubber

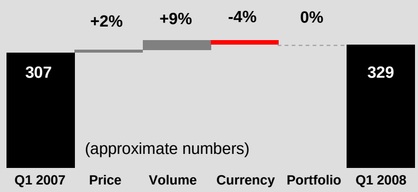
Advanced Intermediates: strong underlying business while margin is affected by unfavorable currency effects

(€ m)	Q1 2007	Q1 2008
Sales	**307**	**329**
EBIT	48	45
Depr. / Amort.	9	11
EBITDA	57	56
EBITDA pre except.	**57**	**56**
Margin	18.6%	17.0%
Capex	**9**	**10**

- Sales increased mainly as both BUs achieve higher prices and volumes, based on strong agro demand (fungicides and herbicides), more than offsetting unfavorable currency effects
- Strong price increases for BAC in order to mitigate boosted raw material, energy and logistic costs, helped to almost maintain the BU's high level of EBITDA*
- SGO provides improved EBITDA* contribution, mainly due to strong demand for agrochemicals
- Currency effects due to regional production / sales setup weigh on segment margin. Offsetting hedging is mirrored in reconciliation segment

Sales by BU:





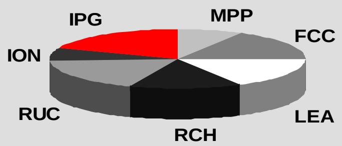
* Pre exceptionals

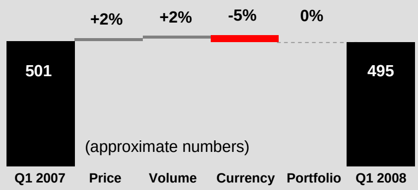
Performance Chemicals: good performance on decent level

(€ m)	Q1 2007	Q1 2008
Sales	**501**	**495**
EBIT	60	60
Depr. / Amort.	22	19
EBITDA	82	79
EBITDA pre except.	**82**	**82**
Margin	16.4%	16.6%
Capex	**10**	**11**

- Operationally, sales increased on the basis of higher prices and volumes. Reported sales are slightly reduced as currency effects overweigh operational improvements
- Absolute EBITDA* remained stable as improved performance mainly in LEA (chrome ore), RUC and ION offset a reduced result of IPG which also compared to a very good Q1 2007
- In future quarters, MPP and ION are expected to see additional registration and selling expenses, as already pointed out earlier

Sales by BU:





* Pre exceptionals

Update: upstream integration into chrome ore mine in South Africa

Situation update:

- Chrome ore mine in South Africa/ Rustenburg operated by LANXESS
- Additional chrome ore reserves of ~80 million tons were discovered summer 2007
- Due to global resource constraints, chrome ore prices have increased substantially

- Ongoing action steps for the next 12-18 months:
  - geological evaluation and detailed studies for economic exploitation of this hidden reserve
  - Implementation of black economic empowerment (BEE)

Beneficial upstream integration

Balance Sheet: continued strength

(€ m)	Dec 31, 2007	Mar 31, 2008
Non-current Assets	**1,806**	**1,732**
Intangible assets	33	32
Property, plant & equipment	1,459	1,387
Equity investments	33	38
Other investments	1	1
Financial assets	85	89
Deferred taxes	93	92
Other non-current assets	102	93
Current Assets	**2,243**	**2,558**
Inventories	895	932
Trade accounts receivable	809	914
Financial assets	200	258
Other current assets	150	147
Liquid assets	189	307
Total Assets	**4,049**	**4,290**

(€ m)	Dec 31, 2007	Mar 31, 2008
Stockholders' Equity	**1,525**	**1,571**
thereof minority interest	17	18
Non-current Liabilities	**1,456**	**1,498**
Pension & post empl. provisions	470	469
Other provisions	242	249
Financial liabilities	601	596
Tax liabilities	36	41
Other liabilities	47	87
Deferred taxes	60	56
Current Liabilities	**1,068**	**1,221**
Other provisions	371	350
Financial liabilities	65	198
Trade accounts payable	487	525
Tax liabilities	16	33
Other liabilities	129	115
Total Equity & Liabilities	**4,049**	**4,290**

Preparation for Q2 2008

Cash flow mirrors expanding business and seasonal effects

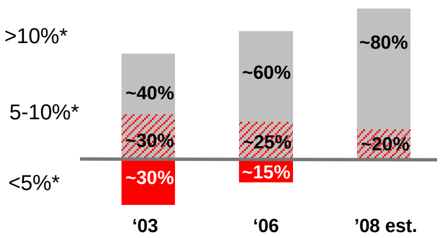
(€ m)	Q1 2007	Q1 2008
Profit before Tax	**132**	**141**
Depreciation & amortization	62	64
Gain from sale of assets	0	-4
Result from investment in associate	3	-6
Financial (gain) losses	-2	4
Cash tax payments	-13	-20
Changes in other assets and liabilities	22	2
Operating Cash Flow before changes in WC	**204**	**181**
Changes in Working Capital	-97	-131
Operating Cash Flow	**107**	**50**
Investing Cash Flow	**-58**	**-55**
thereof Capex	-47	-39
Financing Cash Flow	**-7**	**126**

- Improved profit before tax on the basis of sound operations
- Operating cash flow Q1 2008 contains
  - ~€10 m restructuring cash out
  - Initial cash out of long-term incentive payment (~€10 m for EVP component)
  - Higher cash tax payments
- Higher outflow for working capital due to more pronounced seasonal development, based on expanded business volume and risen raw material costs in inventory
- Financing cash flow mirrors preparation for acquisition payment for Petroflex in Q2 2008

Underlying cash flow stability remains

Focused investment strategy strengthens profitability

Capex distribution by profitability of businesses



*EBITDA margin pre exceptionals

Selected Capex projects since 2006

- BAC: Several expansion projects (hexanediol, m-cresol, maleic anhydride)
- BTR: Debottleneckings in Sarnia and Zwijndrecht
- ION: Expansion in Germany and India (start in 2010)
- SGO: CGMP-compliant high-pressure hydrogenation
- TRP: investment in process optimization and expansion of CR and EVM
- SCP: Compounding facility in Wuxi, China

Disciplined and targeted capex strategy

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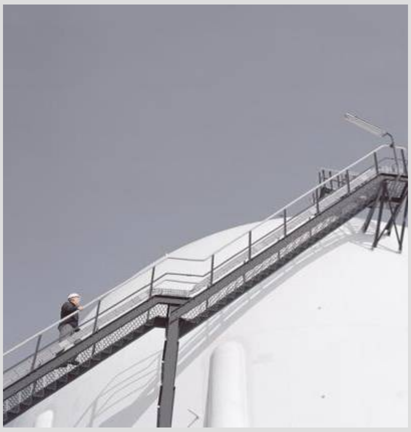
LANXESS remains confident for 2008 despite mixed macro-economic landscape

Stable performance based on a diversified portfolio of premium products

- Operationally good start into 2008
- Further weakening of the U.S. economy expected in 2008, especially in the automotive and construction industry while most LANXESS businesses (e.g. tire and agro) remain strong
- Dynamic developments in others regions such as BRIC countries, Asia compensate for slowing NAFTA demand
- Crude oil and derivatives assumed to remain volatile and on high level
- Energy- and personnel cost to rise as of Q2 2008
- Strengthening of the USD earliest in H2 2008. FY 2008 average rate of ~1,50 USD/€ expected. (LANXESS' hedging: ~1,45 USD/€)



LANXESS with ambitious guidance for FY 2008

Despite challenges ahead, LANXESS expects another solid FY performance

EBITDA* FY 2008 is expected to be above €700 m

Further financial information:

- ~€35-40 m of EBITDA* from Petroflex for 9 months in '08
- Exceptional P&L expense in Q2 expected around €50-70 m
- Tax rate ~30% for FY 2008
- Capex '08: €330-350 m
- Q2 will see the majority of the announced cash outs:
    - Restructuring / efficiency programs
    - Petroflex acquisition
    - Dividend payout
    - Annual interest payment for €500 m bond

* Pre exceptionals

LANXESS reiterates targets in a more demanding economic environment

EBITDA* targeted above €700 m	2008
EBITDA* margin: Peer group profitability	2008
No business < 5% EBITDA* margin	2008
Investment grade rating	✓

* EBITDA figures pre exceptionals

LANXESS

Energizing Chemistry

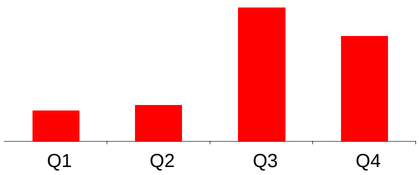
Appendix

Reminder: seasonal expense allocation for maintenance

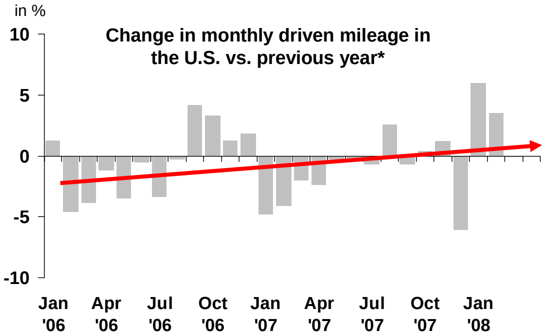
Planned annual maintenance work

- Heavyweight of work as usual in Q3 and Q4
  - Additional expenses and capex
  - Idle costs
- Business units most impacted: TRP, RUC, PBR, BAC

Distribution of expenses for planned maintenance in 2008



Positive trend of driven car mileage in the U.S. provides comfort



- Mileage driven in the U.S. fluctuates only a few percent on a monthly basis
- Positive mileage trend irrespective of
  - increasing gas prices
  - weakening U.S.- demand for passenger cars
- LANXESS has indicative volume commitments from customers up to the full available capacity of BTR in 2008

* Trend in mileage driven in the U.S., based on turnpike traffic in Kansas, Ohio, N.Y. and Oklahoma; Source: Turnpike authorities, source: KeyBanc Equity Research

Trend of driven mileage supports demand for LANXESS synthetic rubber

Independent U.S. tire dealer survey relays additional confidence

Summary of tire dealer survey, comparing business trends in March 2008 vs. March 2007

- Selling price increases vs. February 2008 for major brand tires
- Inventories: passenger and truck tire inventories indicated just about right. Sequential monthly increasing portion felt inventories being too low
- Replacement passenger tire sales were flat vs. March 2007
- General outlook: In March, 73% of passenger tire dealers felt that business would improve in the coming 6 months

Source: KeyBanc Capital Markets Inc., completed in conjunction with Modern Tire Dealer Magazine

Outlook for rubber remains bright

LANXESS manages its currency exposure

Items to bear in mind with regard to foreign currency fluctuations

- Generally, a weak U.S. Dollar burdens our results
- Sensitivity: Based on our annual net exposure, a change of 1 cent of the exchange rate of the U.S. Dollar to the Euro affects our EBITDA by €5-6 m
- However, the actual impact may be significantly lower due to our 2008 hedging position

Portfolio management has continuously strengthened the company

Divested: Fibers, Paper, Textile Processing Chem., Lustran Polymers
Acquired: CISA, Petroflex

	Sales	EBITDA* margin	Cyclicality	Business Driver
Fibers	~€100 m	<5%	High	Market shifting to Asia
Paper	~€240 m	<5%	Moderate	High industry consolidation
Textile Processing Chem.	~€150 m	5-10%	Moderate	Market shifting to Asia
Lustran Polymers	~€900 m	<5%	High	Overcapacity, Commoditization
CISA	~€20 m	n.a.	Low	Upstream Integration
Petroflex	~€500 m	>10%	Low	Global mobility trends

* Pre exceptionals

Exceptional items incurred in Q1 2007 and Q1 2008

(€ m)	Q1 2007		Q1 2008	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	0	0	5	3
Advanced Intermediates	0	0	0	0
Performance Chemicals	0	0	3	0
Reconciliation	8	1	6	0
Total	**8**	**1**	**14**	**3**

Abbreviations

Performance Polymers

BTR Butyl Rubber
PBR Polybutadiene Rubber
TRP Technical Rubber Products
SCP Semi-Crystalline Products

Performance Chemicals

MPP Material Protection Products
IPG Inorganic Pigments
FCC Functional Chemicals
LEA Leather
RCH Rhein Chemie
RUC Rubber Chemicals
ION Ion Exchange Resins

Advanced Intermediates

BAC Basic Chemicals
SGO Saltigo

Financial Calendar 2008

Financial Calender

Annual General Meeting	**May 29, 2008**
Q2 Results 2008	**August 13, 2008**
Capital Market Day	**September 18, 2008**
Q3 Results 2008	**November 13, 2008**

Contact details

Michael Pontzen (Head of IR)
Tel.: +49-214 30 43804
Fax.: +49-214 30 959 43804
Mobile: +49-175 30 43804
Email: Michael.Pontzen@lanxess.com

Oliver Stratmann
+49-214 30 49611
+49-214 30 959 49611
+49-175 30 49611
Oliver.Stratmann@lanxess.com

Tanja Satzer
Tel.: +49-214 30 43801
Fax.: +49-214 30 959 43801
Mobile: +49-175 30 43801
Email: Tanja.Satzer@lanxess.com

Dr. Gerd Zelesny
+49-214 30 71416
+49-214 30 959 71416
+49-175 30 71416
Gerd.Zelesny@lanxess.com

Please visit our website at: www.lanxess.com